

DRAFT OF APRIL 1, 2023

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PRESENTATION TO BOARD OF MANAGERS OF LTL MANAGEMENT LLC

April 2, 2023

UPDATE ON STATUS OF LTL CHAPTER 11 CASE

- **Motion for Stay Denied** - LTL's motion for stay of the "mandate" with the Third Circuit panel was denied on March 31
- **Dismissal Mandate Issued** - Third Circuit issued its dismissal mandate immediately after entry of its order denying motion for stay
- **Dismissal** - dismissal of chapter 11 case will occur upon entry of dismissal order by Bankruptcy Court, which could occur as early as Monday, April 3

OTHER DEVELOPMENTS SINCE MARCH 28 BOARD MEETING

- **Talc Claimants** – update on discussions with law firms representing talc claimants and anticipated Plan Support Agreements
- **FCR** – update on discussions with Future Claimants' Representative (FCR)
- **D&O Insurance** – update on discussions with J&J regarding D&O insurance

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REVIEW OF SUPPORTED PLAN TERMS

- **Resolution** - all current and future talc claims (personal injury and AG claims) against LTL and related parties would be resolved for a total contribution from LTL not to exceed **\$8.9B present value**
- **Payments** - payments totaling \$12.08B would be made to a talc trust at and over the 25 years following plan confirmation

- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]



REVIEW OF LTL OPTIONS AND RECOMMENDATION

- **Options**
 - **Return to MDL/Tort System**
 - **Recapitalization and Sale**
 - **New Chapter 11 Case**
- **Recommendation** – immediately file new chapter 11 case in New Jersey to facilitate resolution of all talc liability by creation of trust or trusts pursuant to a chapter 11 plan of reorganization containing the terms specified in the Plan Support Agreements

PROPOSED MODIFICATIONS TO EXISTING FUNDING ARRANGEMENTS

- **Termination and Substitution Agreement**
 - Terminates existing Funding Agreement among LTL, Holdco and J&J and related Commitment and Loan Agreement between Holdco and J&J
 - Obligates Holdco and LTL to enter into a new Funding Agreement
 - Obligates J&J, Holdco and LTL to enter into a new Support Agreement
- **New Funding Agreement**
 - Eliminates J&J as a payor
 - Limits Holdco's obligation to provide funding for one or more trusts under a chapter 11 plan to such trusts created under a plan containing terms specified in the Plan Support Agreements
 - Eliminates "JJCI Value" as a cap on the funding obligation, but Holdco is sole obligor
 - Adds automatic termination once LTL's talc liability and all bankruptcy-related costs and expenses have been satisfied

PROPOSED MODIFICATIONS TO EXISTING FUNDING ARRANGEMENTS (cont'd)

- **New Support Agreement**
 - Obligates LTL to file a new voluntary case under chapter 11 and cause a plan containing terms specified in the Plan Support Agreements to become effective
 - Obligates J&J to provide trust funding on Holdco's behalf in the new chapter 11 case if Holdco fails to do so under the terms of the new Funding Agreement; as described above, the new Funding Agreement only requires Holdco to provide trust funding for trusts created under a plan containing terms specified in the Plan Support Agreements, as amended
 - Obligates Holdco to:
 - reimburse J&J for any payment made by J&J (and, if reimbursement is not made within 5 business days, any amount not so reimbursed will be deemed financed by a loan); and
 - pay J&J a monthly support fee so long as J&J's support obligation exists
 - Prohibits LTL and Holdco from amending, or assigning rights or obligations under, the new Funding Agreement without J&J's consent
 - Automatically terminates (1) at such time as a plan has become effective and any and all trusts created pursuant to such plan have been funded in accordance with the terms of such plan or (2) upon entry of a final order dismissing the new chapter 11 case or converting it to a chapter 7 case; accordingly, if the new chapter 11 case is dismissed, J&J will thereafter have no obligation to provide any funding support to LTL, including in connection with any subsequent chapter 11 case

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PROPOSED MODIFICATIONS TO EXISTING FUNDING ARRANGEMENTS (cont'd)

- Gives J&J a right to terminate upon a material breach by LTL or certain bankruptcy-related events, in each case subject to a 5-business day cure right
- **Summary of Key Modifications**
 - J&J is not a payor under the new Funding Agreement
 - J&J's obligation under the new Support Agreement is limited to making payment on Holdco's behalf if Holdco fails to make a payment for plan trust funding that is required under the new Funding Agreement
 - Under the new Funding Agreement, Holdco is required to make a payment for plan trust funding only if such funding is for one or more trusts created under a plan of reorganization containing terms described in the Plan Support Agreements among LTL, Holdco, J&J and certain claimant law firms, as the same may be amended
 - If the new chapter 11 case is dismissed, J&J will thereafter have no obligation to provide any funding support to LTL, including in connection with any subsequent chapter 11 case

REVIEW OF FINANCIAL CONSIDERATIONS

- LTL and Holdco Assets

Entity	Asset	Estimated Values (without discounts)
LTL		
	Cash	\$30M
	Ownership of RAM	\$367M+
Holdco		
	Cash	\$400M
	36.1% interest in GH Biotech Holdings	\$20B
	2022 GH Biotech dividend	\$1.8B
	Other subsidiaries	\$6B
	Total	~ \$29B



- Based on most-current valuations, some of which are preliminary
- Updated valuations for many entities in process; change to GH Biotech could be material
- Does not include discounts for minority interests or lack of liquidity

REVIEW OF FINANCIAL CONSIDERATIONS (cont'd)

LTL and Holdco Liabilities

- Minor accrued (non-talc) liabilities (\$225,000) at LTL
- Multiple talc-related liabilities (personal injury claims, state attorney general (AG) claims, indemnification claims, other)
- No estimate or valuation of aggregate talc liability
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- But costs are anticipated to increase and continue for decades; defense costs are substantial and increasing; settlement demands are increasing; thousands of additional claims are anticipated; almost all state AGs have filed, or are threatening to file, suit; and LTL is subject to a myriad of indemnification claims, including from Imerys where claimants alleged that LTL owed Imerys billions

REVIEW OF FINANCIAL CONSIDERATIONS (cont'd)

• Near-term and long-term liquidity

- Existing cash at LTL and HoldCo: \$430M
- Annual earnings from RAM: \$75M
- Holdco would largely be dependent on dividends to fund amounts due under modified funding arrangements
 - >90% of future dividends expected to come from GH Biotech
 - After multi-year effort to allow repatriation, \$1.8B dividend paid in 2022 from GH Biotech but remains at Apsis subsidiary (France) because it lacked capacity to distribute it upstream
 - LRFP projects same GH Biotech dividend amount in near term
- But dividend flow is subject to potential risks
 - Industry risks
 - Governance/treasury risks
 - Statutory and tax risks
 - Long-term risks
- Ability to borrow may also be constrained

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DISCUSSION AND REQUEST FOR BOARD ACTION

- Discussion
- Request for Board Action
 - Review of proposed resolutions
 - Request for motion to approve and second
 - Board vote